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SOURCE Planificarea Productiei Industriale a Lemnului.

BASIC PRINCIPLES AND METHODS OF STATE PLANNING IN RUMANIA

Planning Apparatus

The State Planning Committee (Comitetul de Stat al Planificarei, CSP) is the state organization for planning and for the control of plan fulfillment. The duties of the State Planning Committee are as follows:

1. To draw up current and future economic plans (yearly and quarterly).
2. To coordinate the plans of the ministries, departments, state committees, and independent institutes.
3. To check on the fulfillment of these plans.
4. To contribute to the discovery of national economic reserves.
5. To enforce full utilization of production capacity of state enterprises.
6. To maintain a perfect balance in the development of branches of the national economy, so as to prevent disproportions, and to strengthen socialist order.

The Central Directorate of Statistics under the Council of Ministers is entrusted with maintenance of records and statistics regarding the fulfillment of plans, as well as the supervision over the fulfillment of the general state plan.

The State Planning Committee must coordinate the activity of the various industrial branches of the state: industry, agriculture and transportation, investments in production, financing of production, supply of enterprises with raw materials and equipment, and a fair distribution of labor. The State Planning Committee must coordinate its plans on a quarterly, yearly, and long-range basis, and submit them, together with its recommendations, to the Government and Grand National Assembly for approval.

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The State Planning Committee will set up regiune and raion departments, to supervise the preparation and fulfillment of plans by enterprises of local, raion, and regiune interest. The fulfillment of plans by enterprises of national interest will be followed up by the respective ministries. The duties of enterprises of both local and national interest must be laid down in the plans of these enterprises.

The ministries, departments, and state committees each have directorates for planning and maintenance of records, and also planning divisions within their specialized functional units. The ministries will issue directives and minimum requirement figures to regulate planning in trusts and enterprises under their jurisdiction. They will work out monthly plans for the latter within the framework of the quarterly plans approved by the Government and issued by the State Planning Committee. The planning divisions of the ministries are required to coordinate drafts of plans of enterprises under their jurisdiction and to coordinate the production plan with raw material resources, with the investment plan, with the labor plan, and with the production cost plan.

Each trust and enterprise has a planning division which receives plan figures, divides them up by production units, discusses these figures with the units, then draws them up into a draft plan, which must be submitted to the management collective of the enterprise for debate and final approval. Draft plans of enterprises are forwarded to the trust, which checks and collates them and then sends them on to the ministry. The State Planning Committee works out the duties, then coordinates the ministerial plans. They are approved by the Government and voted on by the Grand National Assembly. Then they are sent to the ministries, which allot quotas to trusts. The trusts then allot them by enterprises.

The planning divisions of enterprises receive the respective plan figures, then divide them up by production units, departments, and individual workers. One of the basic principles of socialist planning is that every man in the enterprise be allotted a quota under the plan, so that each worker has a specific production assignment within a specific time. Only when every worker, wage earner, employee, or technician is well acquainted with his duties will the principle of socialist planning yield results. Therefore, state planning is accomplished by a system of planning branches, headed by the State Planning Committee. This system is made up of the planning divisions of the ministries and enterprises, who work under the direct leadership of the ministries, but operate on the basis of directives from the State Planning Committee.

#### Preparation of Plans

The preparation of plans begins with the setting up of certain control figures by the State Planning Committee. These control figures are based on former performances, new discoveries, and growing production potentialities which are known to this body. The State Planning Committee makes estimates on planned fulfillment before the end of the plan period. The results assumed for the preceding period must differ by a very small margin from the actual results of the plan for that period, results which will appear in statistical reports published after the plan period is over.

Estimates are made from these results as to the development of the productive power of the respective sector, labor productivity, and production costs. The main causes for nonfulfillment of the plan are detected at the same time. Analyses are made of possible overproduction and imbalances that may have come up, including their causes and possible influence on the fulfillment of the plan for the forthcoming period. From these estimates figures are drawn up for the financial plan, for the amount of turnover capital, for the credit plan, etc.

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The statistical material mentioned above is particularly necessary for the establishment of control figures. Through the control figures, the State Planning Committee advises the ministries and the departments of the volume of production, increase of labor productivity, reduction of production cost, and the volume of capital investments for which they are responsible. The ministries, departments, and state committees receive these control figures for a yearly or other future plan, divide them up among trusts and enterprises under their jurisdiction, and advise the latter of the quotas they must reach.

Both management and technicians collectives, as well as production leaders in enterprises, examine their production potentialities on the basis of these quotas and propose the best suitable solutions for the elimination of bottlenecks. The enterprise management then incorporates this data in its draft plan. The enterprise must be careful, in drawing up these plans, to be sure that they are well founded technically and well balanced financially. Expenditures necessary for the fulfillment of the plan should not exceed the income obtained from the sale of production. An enterprise may plan losses only in exceptional cases, which must be justified by detailed calculations. The enterprise must also bear in mind, when drawing up the plans, that in socialist competition Stakhanovites and the creative initiative of the masses may lead to overfulfillment of plans and to a larger production and investment volume, or to an increase in labor productivity and to a greater reduction in production cost.

Both management and technicians' collectives must study better use of the internal reserves of the enterprise, which would lead to an increase of the quantities foreseen in the plan. It is absolutely necessary that enterprises do not deviate from control figures when setting up plans, and make allowance at least for the level of these figures, because, in contrary cases, disorganization of production may result. Furthermore, enterprises may not make arbitrary increases in approved quarterly or yearly quotas by adding to these unfulfilled quotas of the preceding quarter or the preceding month. This would mean that the volume of control figures could be exceeded only through overfulfillment of the plan. Advance excess planning is not permitted under any circumstance, because this action would cause a double planning, which is contrary to planning discipline.

Enterprises must pay particular attention, when drawing up the plan, to figures referring to reduction of production costs, possible savings in the use of raw materials, equipment and labor, a more efficient exploitation of production capacity, and rational organization of the entire enterprise.

As soon as the plans are drawn up by the enterprise, they are sent to the trust for checking and collation. The trust, in turn, forwards them to the ministry. The planning division of the ministry, with the assistance of the functional directorates, collates the plans for the entire industrial sector, checks them and coordinates them, and then sends them on to the State Planning Committee. The ministries, in coordinating a plan, must observe the relationship between the raw material supply, production capacity of enterprises, fair distribution of labor, balanced expenditures, and the gross production.

Upon receipt of the plans from the ministries, departments, and state committees, the State Planning Committee coordinates them, balances production with supply plans, distribution, and deliveries, checks the plans against the draft budget of the state, and then works out a draft of the state plan for the following period, which is then submitted, together with its recommendations, for the approval of the Government.

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The Government accepts the state plan and submits it to the Grand National Assembly, which votes on it, after debating on its provisions and the possible effects on the national economy by the new plan. From that moment, the draft becomes the state plan, a law that becomes compulsory for all citizens and inhabitants of the country. The plan figures received from enterprises in the individual draft plans then become obligatory duties. They are again divided up by ministries, then by trusts and enterprises, and are then assigned to those appointed to carry them out, down to the very last wage earner.

The planning technique, however, does not end here; it must be continued through a permanent daily control of the fulfillment of plan duties on schedule. In this action, the enthusiasm of workers, technicians, and employees of the enterprise must be aroused through socialist methods, such as socialist competition, stimulation of inventions, innovations and rationalizations, citations, prizes to leaders, etc.

#### Indexes

The industrial development plan occupies an important place in the national economy and includes production figures by value and quantities, indexes of quality, production of new items, supply between enterprises, establishment of technical and economic norms, etc.

The index system of the plan can be classified in general into three interdependent groups as follows: (1) indexes for industrial production volume; (2) technical and economic indexes; and (3) qualitative indexes.

1. Indexes for industrial production volume are expressed in lei. They are, therefore, value indexes, which characterize the production plan. For instance, one year's lumber production would amount to "M" lei. If the next year's production is planned to amount to "N" lei, in which N is higher than M, then this is the way of determining the rhythm of development of lumber production. However, the types of lumber which will be produced in larger quantities next year cannot be defined through this index.

2. Technical and organizational indexes are those which define the degree of utilization of machinery or the consumption of raw materials, equipment, etc. For semimanufactured wood products, for instance, the most frequent economic-technical indexes are the indexes of utilization of saw frames, the indexes of raw material consumption for the production of one cubic meter of lumber from pine and oak. The equipment index includes saw blades per cubic meter of lumber produced. Utilization indexes are also established for oak and pine logs, wood and labor percentages, as well as mechanization indexes for cutting labor, shaping, drawing, loading of firewood, quantities transported, etc., in exploitation and transportation.

Consumption indexes are intended to establish consumption norms in enterprises for the reduction of expenditures, and for a more rational utilization of raw materials, equipment, fuel, electric power, and to form the basis for the computation of the supply plan.

3. The qualitative indexes of the plan are varied. For instance, there is an index for production quality, one for labor productivity, and another for production costs.

The qualitative index can show, for instance, in the production of resinous lumber, actual quality of products and can lead to production of superior quality.

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The index for labor productivity shows production per capita of worker or wage earner. It can be calculated in units of natural measurement (cubic meter, etc.) or in monetary units.

The production cost index expresses achievements in reducing the price of products and constitutes the basis for reduction of cost for subsequent planning periods. It is the most general index, and is influenced by all production factors: raw materials, salaries, production cost, general overhead, etc.

The problem of planning indexes was studied fundamentally at the beginning of the Five-Year Plan, after a trial in the 1950 plan. Soviet experience in this matter and the exceptional importance of planning indexes in the establishment of production capacity, and in the plan fulfillment, have shown that compliance with the indexes must constitute the primary concern of planners and leaders in enterprises.

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